

## CONSOLIDATED INCOME STATEMENT

For the three months ended June

	Three Months Ended 30.06.2006 Rs '000	Three Months Ended 30.06.2005 Rs '000	Change %
Revenue	2,526,598	2,249,618	12.3
Cost of Sales	<u>(1,651,350)</u>	<u>(1,451,205)</u>	(13.8)
Gross Profit	875,248	798,413	9.6
Other Operating Income	48,287	27,078	78.3
Distribution Expenses	(234,991)	(224,350)	(4.7)
Administrative Expenses	(321,251)	(276,220)	(16.3)
Other Operating Expenses	<u>(13,948)</u>	<u>(17,235)</u>	19.1
Operating Profit	353,345	307,686	14.8
Finance Cost	<u>(63,605)</u>	<u>(62,425)</u>	(1.9)
Profit from Operating Activities Before Tax	289,740	245,261	18.1
Share of Associate Companies Profits/(Loss)	<u>85</u>	<u>(2,523)</u>	103.4
Profit Before Taxation	289,825	242,738	19.4
Income Tax Expenses	<u>(74,135)</u>	<u>(71,858)</u>	(3.2)
Net Profit after Taxation	215,690	170,880	26.2
Minority Interest	1,274	18,169	(93.0)
Extraordinary Items	-	-	NA
Net Profit attributable to the Group	<u>216,964</u>	<u>189,049</u>	14.8
Earnings per Share (Rs)	2.17	1.91	
Earnings per Share (Rs) - Annualised	8.70	7.62	
Dividends per Share (Rs)	-	-	

The weighted average number of ordinary shares outstanding during the current and previous periods are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources, such as a bonus issue.

The above figures are provisional and subject to audit.

## CONSOLIDATED BALANCE SHEET

	30.06.2006 Rs '000	30.06.2005 Rs '000	31.03.2006 Rs '000
<b>ASSETS</b>			
Non-Current Assets			
Property, Plant & Equipment	4,719,612	5,305,527	4,740,285
Investment Property	576,152	-	570,152
Intangible Assets & Deferred Expenditure	107,264	79,946	107,268
Investments in Associates	102,695	192,877	102,609
Other Investments	25,380	36,654	35,473
	<u>5,531,103</u>	<u>5,615,004</u>	<u>5,555,787</u>
Current Assets			
Inventories	812,722	758,162	745,361
Trade and Other Receivables	2,516,370	2,315,326	2,449,814
Investments	897	310	311
Tax Recoverable	68,100	17,553	29,904
Amounts Due from Related Parties	-	-	631
Short Term Cash Investments	755,887	602,854	299,366
Cash and Bank Balances	387,726	378,895	943,588
	<u>4,541,702</u>	<u>4,073,100</u>	<u>4,468,975</u>
<b>Total Assets</b>	<u><u>10,072,805</u></u>	<u><u>9,688,104</u></u>	<u><u>10,024,762</u></u>
<b>EQUITY AND LIABILITIES</b>			
Capital and Reserves			
Issued Share Capital	998,394	993,896	998,013
Share Premium	189,883	168,269	187,516
Reserves	623,566	838,348	630,108
Accumulated Profits	2,630,750	1,743,450	2,430,310
Total Equity	<u>4,442,593</u>	<u>3,743,963</u>	<u>4,245,947</u>
Minority Interest	521,349	663,734	522,621
Non-Current Liabilities			
Non Interest Bearing Loans & Borrowings	14,236	15,765	11,313
Interest Bearing Loans & Borrowings	1,582,979	2,388,803	1,741,111
Deferred Income Tax	81,671	90,677	82,426
Other Deferred Liabilities	104,371	87,267	103,702
Negative Goodwill	-	10,387	-
Provisions	37,289	-	31,047
	<u>1,820,546</u>	<u>2,592,899</u>	<u>1,969,599</u>
Current Liabilities			
Trade and Other Payables	2,009,873	1,843,940	2,115,836
Dividends Payable	2,008	2,490	126,938
Income Tax liabilities	194,010	102,326	120,486
Amounts Due to Related Parties	2,650	184,582	3,378
Non Interest Bearing Loans & Borrowings	1,207	5,474	3,534
Interest Bearing Loans & Borrowings	1,078,569	548,696	916,423
	<u>3,288,317</u>	<u>2,687,508</u>	<u>3,286,595</u>
<b>Total Equity and Liabilities</b>	<u><u>10,072,805</u></u>	<u><u>9,688,104</u></u>	<u><u>10,024,762</u></u>
Net Asset per share (Rs)	44.50	37.67	42.54

The above figures are provisional and subject to audit. The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed on behalf of the Board  
H N Esuffaly  
Director / Chief Executive Officer  
26th July 2006

M S Fonseka  
Group Finance Director

## STATEMENT OF CHANGES IN EQUITY - CONSOLIDATED

Three months to 30th June 2006	Share Capital	Share Premium	Capital & Revenue Reserves	Preliminary Expenses	Accumulated Profits	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01st April 2006	998,013	187,516	630,108	-	2,430,310	4,245,947
Net Profit / (Loss) for the Period	-	-	-	-	216,964	216,964
Dividends	-	-	-	-	(2,742)	(2,742)
Shares Issued for Cash & Fully Paid (ESOP)	381	2,367	-	-	-	2,748
Bonus Issue	-	-	-	-	-	-
Transferred to / from during the Period	-	-	(6,542)	-	(13,782)	(20,324)
Balance as at 30th June 2006	<u>998,394</u>	<u>189,883</u>	<u>623,566</u>	<u>-</u>	<u>2,630,750</u>	<u>4,442,593</u>
Three months to 30th June 2005	Share Capital	Share Premium	Capital & Revenue Reserves	Preliminary Expenses	Accumulated Profits	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01st April 2005	791,295	343,890	827,992	-	1,578,796	3,541,973
Net Profit / (Loss) for the Period	-	-	-	-	189,049	189,049
Dividends	-	-	-	-	-	-
Shares Issued for Cash & Fully Paid (ESOP)	3,822	23,158	-	-	-	26,980
Bonus Issue	198,779	(198,779)	-	-	-	-
Transferred to / from during the Period	-	-	10,356	-	(24,395)	(14,039)
Balance as at 30th June 2005	<u>993,896</u>	<u>168,269</u>	<u>838,348</u>	<u>-</u>	<u>1,743,450</u>	<u>3,743,963</u>

The above figures are provisional and subject to audit.

## CASH FLOW STATEMENT - CONSOLIDATED

For the three months ended June	2006 Rs '000	2005 Rs '000
Net Profit Before Taxation	289,825	242,738
<u>Adjustments for:</u>		
Goodwill (Net)	-	(332)
Depreciation	99,232	115,585
(Profit)/Loss on Sale of Property, Plant & Equipment	(4,175)	(2,498)
(Profit)/Loss on Sale of Investments	-	(121)
Provision for Retiring Gratuity	5,509	4,761
Amortisation of Intangible Assets	4	1,269
Finance Cost	63,605	62,425
Investment Income	-	(716)
(Profit)/Loss on Associates	(85)	2,523
Provisions	6,242	-
Change in Fair Value of Investment Property	(6,000)	-
Operating Cash Flow before Working Capital Changes	<u>454,157</u>	<u>425,634</u>
(Increase)/Decrease in Trade & Other Receivables	(66,556)	(120,216)
(Increase)/Decrease in Inventories	(67,361)	(25,226)
(Increase)/Decrease in Amounts due from Related Companies	631	145
Increase/(Decrease) in Amounts due to Related Companies	(728)	(4,514)
Increase/(Decrease) in Trade & Other Payables	<u>(105,963)</u>	<u>(66,333)</u>
Cash Generated from / (used in) Operations	<u>214,180</u>	<u>209,490</u>
Finance Cost Paid	(63,605)	(62,425)
Income Tax Paid	(39,563)	(35,290)
Gratuity Paid	<u>(4,842)</u>	<u>(1,577)</u>
Net Cash from / (used in) Operating Activities	<u>106,170</u>	<u>110,198</u>
<u>Cash Flow from Investing Activities</u>		
Purchase of Property, Plant & Equipment	(79,379)	(88,238)
Investment in Intangible Assets	-	(41,333)
Acquisition of Other Investments	(10,903)	(300)
Maturity of Fixed Deposits	20,410	-
Proceeds from Sale of Property, Plant & Equipment	4,999	2,930
Proceeds from Disposal of Other Investments	-	1,126
Investment Income	-	716
Net Cash from / (used in) Investing Activities	<u>(64,873)</u>	<u>(125,099)</u>
<u>Cash Flows from Financing Activities</u>		
Borrowing (Net)	(55,317)	(56,964)
Proceeds from Issue of Shares (Net of Issue Expenses)	2,748	26,980
Dividends Paid	<u>(127,672)</u>	<u>(130,914)</u>
Net Cash from / (used in) Financing Activities	<u>(180,241)</u>	<u>(160,898)</u>
Net Increase in Cash & Cash Equivalents	(138,944)	(175,799)
Cash & Cash Equivalents at the Beginning of the Year	813,486	735,792
Cash & Cash Equivalents at the End of the Period	<u>674,542</u>	<u>559,993</u>

## NOTES TO THE FINANCIAL STATEMENTS

1. The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the audited accounts for the year ended 31st March 2006, and also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Further, new and revised accounting standards applicable for the quarter ended 30th June 2006 have been considered in preparing the interim financial statements of the Company and the Group.
2. The previous years'/periods' figures and phrases have been rearranged wherever necessary to conform to the current presentation.
3. There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Audited Accounts for the year ended 31st March 2006.
4. No circumstances have arisen since the Balance Sheet date that would require adjustments to or disclosure in the financial statements.
5. The operational results of the first three months may not reflect the full year results due to seasonality and cyclical nature of the business, especially in the Leisure sector.
6. Hemas Holdings Limited which has a controlling interest in Serendib Hotels Limited has made a mandatory offer to the other shareholders of Serendib Hotels Limited.

## INDUSTRY SEGMENT - TURNOVER

	Three Months Ended 30.06.2006 Total Rs Mn	Three Months Ended 30.06.2005 Total Rs Mn	Change %
FMCG	834.6	797.2	4.7
Healthcare	650.4	561.9	15.7
Transportation	105.0	89.7	17.0
Leisure	133.2	73.5	81.3
Strategic Investments - Power	788.1	721.8	9.2
- Others	59.4	39.7	49.7
	<u>2,570.7</u>	<u>2,283.8</u>	12.6
Less: Inter Sector Sales	<u>(44.1)</u>	<u>(34.2)</u>	
	<u><u>2,526.6</u></u>	<u><u>2,249.6</u></u>	12.3

## INDUSTRY SEGMENT - GROUP PROFIT

	Three Months Ended 30.06.2006 Total Rs Mn	Three Months Ended 30.06.2005 Total Rs Mn	Change %
FMCG	94.1	100.2	(6.1)
Healthcare	21.5	15.2	41.1
Transportation	14.5	23.2	(37.4)
Leisure	6.1	(27.4)	122.3
Strategic Investments - Power	66.7	70.2	(5.0)
- Others	14.1	7.6	86.3
	<u>217.0</u>	<u>189.0</u>	14.8